



STATE OF DELAWARE
WET MARINE PROFITS TAX RETURN
BASED ON PREMIUMS EARNED FOR CALENDAR YEAR 2005, DUE JUNE 1, 2006

____ Original Report ____ Amended Report / Reason _____

TAX DEPARTMENT MAILING ADDRESS AND COMPANY INFORMATION

Company Name: _____
Tax Contact: _____
Tax Address: _____

Contact E-mail: _____
Telephone: _____

All questions should be directed to:
Mrs. Ann Fletcher
Premium Tax Coordinator
Email: ann.fletcher@state.de.us

Federal E.I.N. #:	N.A.I.C. #:	N.A.I.C. Group #:	Company Type:

NAIC Group Name (if filing Consolidated Return) _____

CALCULATION OF PREMIUM RATIO

WET MARINE PREMIUM EARNED:	U.S. *	Delaware
1. Current Year (from Line 4, pg. 2) 2005	_____	_____
2. Previous Year 2004	_____	_____
3. Previous Year 2003	_____	_____
4. Three (3) Year total	_____	_____
5. 1/3 Average	_____	_____
Ratio – Delaware Average to U.S. Average (5 place decimal)		_____%

* U.S. Premiums Earned listed must agree with Net Premiums Earned listed on Line 4, page 2.

CALCULATION OF PREMIUM TAX

UNDERWRITING PROFIT OR (LOSS)	2005	2004	2003
7. Current Year (from Line 12, pg. 2)	_____	_____	_____
8. Previous Year	_____	_____	_____
9. Previous Year	_____	_____	_____
10. 1/3 Average	_____	_____	_____
11. Ratio (from Line 6 above)			_____%
12. Profit / (Loss) on Earned Premiums Taxable			_____
13. Wet Marine Underwriting Profit Tax Rate (5% per 18 Del. C., § 702 (e)(1))		x	.05
14. TAX AMOUNT DUE			_____

MAILING INSTRUCTIONS

The Delaware Insurance Department has established a lockbox operation for the receipt of premium taxes and fees. Send checks and all tax forms to either bank address as indicated below. Make checks payable to "Delaware Insurance Department". Filings must be received on or before June 1, 2006. **Please note:** Delaware uses a "received by" date, not a postmark date. Tax filings received after this date shall be deemed late, and the insurer may be assessed an administrative penalty of \$100.00 per business day.

For filings sent via U.S. Postal Service (regular mail)

Delaware Insurance Department
c/o National City Bank
6705 Reliable Parkway
Chicago, IL 60686

For filings sent via Courier or Express Service (overnight delivery)

Delaware Insurance Department
c/o National City Bank, Attention: Box #6705
5635 S. Archer Ave.
Chicago, IL 60638-1656

**DELAWARE WET MARINE PROFITS TAX RETURN
BASED ON PREMIUMS EARNED FOR CALENDAR YEAR 2005**

CALCULATION OF CURRENT YEAR UNDERWRITING PROFIT OR (LOSS)

PREMIUMS EARNED

1. Gross Premiums Written On Wet Marine Insurance During The Calendar Year, Less Return Premiums, Premiums On Policies Not Taken, And All Premiums Paid For Reinsurance. _____
2. Add Unearned Premiums On Outstanding Wet Marine Insurance On December 31 Of Previous Year (Net as to all reinsurance). _____
3. Deduct Unearned Premiums On Outstanding Wet Marine Insurance On December 31 Of Current Year (Net as to all reinsurance) (_____)
4. Net Premiums Earned For Current Year
(Must equal U.S. premiums earned on pg. 1, col. 1*) _____

LOSSES INCURRED

5. List Losses Paid During The Calendar Year, Less Reinsurance And Salvage Collected Thereon _____
6. Add Reinsurance And Salvage Recoverable In Previous Year On Paid Losses _____
7. Deduct Reinsurance And Salvage Recoverable In Current Year On Paid Losses (_____)
8. Add Amount Unpaid In Current Year On Wet Marine Losses Unpaid _____
9. Deduct Amount Unpaid In Previous Year On Wet Marine Losses Unpaid (_____)
10. Total Losses For Current Year _____

EXPENSES INCURRED

11. Expenses Incurred (Must not exceed 40% of Net Premiums Earned listed above on Line 4) _____

UNDERWRITING PROFIT OR (LOSS) FOR CURRENT YEAR

12. Underwriting Profit Or (Loss) (Line 4 minus Line 10 minus Line 11) Enter this amount on Line 7, Page 1 _____

AFFIDAVIT

State of _____, County of _____, On this _____ day of _____, 20_____, before me, the subscriber, personally appeared _____,

President and _____, Secretary of the above named insurer who being duly sworn (or affirmed) deposes and says that the above report is true and correct.

President (signature)

Secretary (signature)

Notary Public (signature and SEAL)

WET MARINE AND TRANSPORTATION INSURANCE NET UNDERWRITING PROFITS TAX DEFINITIONS AND INSTRUCTIONS

Title 18, Delaware Code, Section 702:

- (e) Tax on wet marine and transportation insurance underwriting profits:
- (1) Each authorized insurer and formerly authorized insurer shall, with respect to all wet marine and transportation insurance written within this State, pay a tax of 5% upon its taxable underwriting profit, ascertained as, hereinafter provided, from such insurance written within this State;
- (2) The underwriting profit on such insurance written within this State shall be that proportion of the total underwriting profit of such insurer from such insurance written within the United States which the amount of net premiums of such insurer from such insurance written within this State bears to the amount of net premiums of such insurer from such insurance written within the United States;
- (3) The underwriting profit of such insurer on such insurance written within the United States shall be determined by deducting from the net earned premiums on such wet marine and transportation insurance written the United States during the taxable year, meaning thereby the calendar year next preceding the date on which such tax is due, the following items:
- a. Net losses incurred, meaning gross losses incurred during such calendar year under such wet marine and transportation insurance contracts written within the United States, less reinsurance claims collect or collectible and less net salvages or recoveries collected or collectible from any source applicable to the corresponding losses under such contracts;
 - b. Net expenses incurred in connection with such wet marine and transportation insurance contracts, including all state and federal taxes in connection therewith, but in no event shall the aggregate amount of such net expenses deducted exceed 40% of the net premiums on such wet marine and transportation insurance contracts, ascertained as hereinafter provided; and
 - c. Net dividends paid or credited to policyholders on such wet marine and transportation insurance contracts;
- (4) In determining the amount of such tax, net earned premiums on such wet marine and transportation insurance contracts written within the United States during the taxable year shall be arrived at as follows:
- From gross premiums written on such contracts during the taxable year deduct any and all return premiums, premiums on policies not taken, premiums paid for reinsurance of such contracts and net unearned premiums on all such outstanding contracts at the end of the taxable year and add to such amount net unearned premiums on such outstanding wet marine and transportation insurance contracts at the end of the calendar year next preceding the taxable year;
- (5) In determining the amount of such tax, net expenses incurred shall be determined as the sum of the following:
- a. Specific expenses incurred on such wet marine and transportation insurance business, consisting of all commissions, agency expenses, taxes, licenses, fees, loss adjustment expenses and all other expenses incurred directly and specifically in connection with such business, less recoveries or reimbursements on account of or in connection with such commissions or other expenses collected or collectible because of reinsurance or from any other source;
 - b. General expenses incurred on such wet marine and transportation insurance business, consisting of that proportion of general or overhead expenses incurred in connection with such business which the net premiums on such wet marine and transportation insurance written during the taxable year bear to the total net premiums written by such insurer from all classes of insurance written by it during the taxable year. Within the meaning of this paragraph, general or overhead expenses shall include salaries of officers and employees, printing and stationery, all taxes of this State and of the United States, except as included in paragraph a. above, after deducting expenses specifically chargeable to any or all other classes of insurance business;
- (6) In determining the amount of such tax, the taxable underwriting profit of such insurer on such wet marine and transportation insurance business written within this State shall be ascertained as follows:
- a. In the case of every such insurer which has written any such business within this State during 3 calendar years immediately preceding the year in which such taxes were payable, the taxable underwriting profit shall be determined by adding or subtracting, as the case may be, the underwriting profit or loss on all such insurance written within the United States, ascertained as hereinbefore provided, for each of such 3 years, and dividing by 3;
 - b. In the case of every such insurer other than as specified in paragraph a., such taxable underwriting profit, if any, shall be the underwriting profit, if any, on such wet marine and transportation insurance business written within this State during the taxable year ascertained as hereinbefore provided; but after such insurer has written such wet marine and transportation insurance business within this State during 3 calendar years, an adjustment shall be made on the 3-year average basis by ascertaining the amount of tax payable in accordance with paragraph a. above, but no refunds of all or any part of such payment shall be made, except as provided in § 707;
- (7) The tax hereinbefore provided shall be paid annually, on or before the 1st day of June, by every insurer authorized to do in this State the business of wet marine and transportation insurance during any one or more of the next preceding 3 calendar years, and the calendar year next preceding such June 1st shall be deemed the taxable year within the meaning of this section;
- (8) Every insurer liable to pay the tax hereinbefore provided under this subsection (d) shall, on or before the 1st of June of each year, file with the Commissioner a tax return in form prescribed by the Commissioner;
- (9) the tax provided for in this subsection (d) shall apply to the business of the year ending December 31, 1968, and to subsequent years, and for such purpose the underwriting profits or losses of prior years shall be taken into account, as hereinbefore provided. Section 2702 of this title and in force immediately prior to November 1, 1968, shall continue to be effective with respect to all taxes due under such section, but this provision shall not be construed as imposing any duplication of taxes for any of such years.

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